CCF NEWS

Accountancy & Tax

Newsletter Issue 15

Hello and a very warm welcome to our June edition of CCF News.

This quarter we are focussing on answering some of the questions that we are regularly asked such as about IR35.

We are seeing businesses start to bounce back after the latest lockdown and we remain on hand to help and support all clients either via Zoom or in person where we can.

Best wishes
Teresa, Kelly & Team CCF

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Mission Marathon

This year we are proud to announce that Teresa will be running the Virgin Money London Marathon in aid of **Children with Cancer UK**.

As you will know Teresa is an avid runner and loves nothing more than setting herself a new challenge. She has previously completed a number of runs for charity and it is great news that the marathon can go ahead this year! With that in mind she has set herself the target of raising £2,500 or more to help these families achieve the best possible outcome. So far she is half way to achieving this target but there is still a way to go!

It is no secret that charities have struggled with funding as a consequence of the pandemic and so if you would like to help her to achieve her goal then visit her Virgin Money Giving page:

https://uk.virginmoneygiving.com/TeresaBowe

Every day 12 families in the UK receive the devastating news that their child has cancer. Through funding vital specialist research, Children with Cancer UK has done everything in its power to give these children the best chance to survive.

With your support Children with Cancer UK can fund over 60 research projects across the UK accelerating breakthroughs to help drive up childhood cancer survival rates and find kinder, more effective treatments to reduce long-term side effects. This ground breaking research saves children's lives and would otherwise go unfunded.

To learn more about the fantastic work Children with Cancer UK do visit their website at:
www.childrenwithcancer.org.uk

Children with Cancer UK
Keeping families together

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Business Planning for Life with Peter Johnys

Do you run your personal financial planning like you do your business? If not, why not? It doesn't take much thinking about to realise that having a plan for your life and your personal finances isn't too different from having one for the business and might not be such a bad idea.

Both have a balance sheet of assets and liabilities, often juggling debt with asset purchases and of course profit and loss which can often present shorter term challenges as cash-flow often fluctuates or changes with a variety of variables. This is why it's a good idea to have solid foundations in place such as an emergency fund and relevant insurances to keep things going if you're not able to work.

But what are the longer term goals and objectives? Business plans can in some way be much less challenging as they are more quantifiable. You can set a target to hit over a set period, lay it all out and reverse engineer it to tell you what needs to be done to get there. If you can understand your average order value, conversion rate, cost of sales, leads required etc you can quickly create your road map. But how does this relate to your life, how do you apply the same approach?

Our lives are often much more fluid, less linear and more spontaneous than a business. Things happen, that's 'life' right? But it doesn't mean that we can't apply some of the same fundamentals of business planning to our life planning. People are often resistant to creating a plan simply because there are so many variables however the more variables, the bigger the reason to plan!

The best starting point I find is understanding what you want your life to look like. Not just the 'stuff' you want in your life, cars, house, holiday etc, but what are the really important things you want to have? These often follow themes such as relationships, family, a sense of community, creativity, travel and spirituality (not to be confused with religion). Once you understand the important 'stuff' you can start to see what that picture looks like and begin to create a list of action points and priorities to achieve the picture you've created, your ideal life. Figuring out what's important to you and, why, is crucial for a successful plan. If you're not doing this then why not?

The next job is to take action! Without seeing the cash-flow element of this can make it difficult though so it's a good idea to use an independent financial planner that uses cash-flow forecasting or, if it's relatively simple, then a good old spreadsheet might do the trick!

This is a really exciting process to go through when done right and can be surprising too. Often when a client approaches us they're expecting a boring conversation about their pension. The fact is, financial planning needs to be aligned to your life, focusing on just the money puts your money in charge, or makes your money the 'client'. It should be about YOU, not your money!

So why don't you put some thought into what a personal financial plan might look like for you in the same way you do for your business. 'Fail to plan, plan to fail' right!

If you would like to speak to Peter about taking the first steps in planning your financial life, email p.johnys@sandringham.co.uk

What you need to know about...

HMRC Payments on account

Now that we have entered a new tax year the Tax Team are already busy working on client's 2021 tax returns. We are often asked what the 'payment on account' is in the calculation and so here is everything you need to know...

What are payments on account

When your tax bill for the year is more than £1,000, HMRC insist on receiving the following year's tax in two advance instalments. For the tax year ending 5 April 2021, they would want one instalment on 31 January 2022 and the following instalment on 31 July 2022. The reason being that HMRC assumes that the following years tax will be at least the same as the previous year.

Why do this?

HMRC rely on getting payments upfront as they are easier than chasing overdue payments retrospectively. When the actual tax for the tax year is calculated, these payments on account are taken into consideration which means there will either be a balance of tax to pay or a repayment due if the tax liability was actually lower than what you paid on account. It is worth noting that repayments can take up to 8 weeks to be processed and this year we have found that HMRC have introduced an additional security measure that requires a form to be completed for some repayments over a certain level.

Do I have to pay them?

If you know that your profit for the following year will be lower, e.g. if you spent a lot of money on equipment, or if your business was significantly impacted by the pandemic, the payments on account can be reduced or even cancelled if you expect to pay no tax. The only thing to be aware of is that HMRC charge interest when payments on account have been reduced by too much.

Meet the team

Today we introduce Leigh Brunskill our Communications Director, who keeps the team and clients updated with all things CCF

When did you start working for CCF?
I joined CCF in July 2018 and seemed to slot straight in. I have never worked anywhere where I have been trusted with such autonomy from day 1.

What is the best thing about working at CCF?
I know everyone says it but the team and the clients are fantastic. The relationships and support are second to none.

What do you enjoy most about your job?
I love the creative things I am able to do like putting on events and creating things like our newsletters. I also feel rewarded when we are taking on new clients or assisting existing clients with tricky issues we can help them to solve.

Describe yourself in three words
I'm a bit like a Yorkshire Terrier so would say small, determined yet supportive.

What are your biggest passions outside of work?
Seeing live music or sport especially cricket, both of which I have really missed during lockdown. I also love spending time with my girls at the pool as they are little mermaids!

Who would you invite to your fantasy dinner party (3 guests only)?
Dave Grohl, Robin Williams and Freddy Flintoff

If you didn't work in finance what would you be doing instead?
I would love to be doing something crafty and creative. My eldest (9) already has grand plans to set up her own arts based business when she leaves school.

What is the worst joke you have heard?
What do you call a fake noodle??? Impasta!

What you need to know about... IR35

From 6 April 2021 Large (and medium) businesses, those with over £10.2m of turnover, will have to determine whether business relationships with personal service companies (PSCs) fall under the IR35 rules.

What is IR35?
IR35 is tax avoidance legislation to make sure that workers who should be treated as employees are treated as such while allowing those who would ordinarily be self-employed through a limited company to reap the tax benefits they are due.

What's the difference?
Employees tend to have more rights but they are subject to tax and national insurance. Trading as a limited company comes without employment rights but also no national insurance. Also the dividend tax rate is more favourable than the PAYE tax rate.

Why does HMRC care?
Tax – A large number of people trade as self employed even if they do business with one company. HMRC say this is deemed employment and actually they should have the rights of employment but also suffer the taxation.

Am I an employee or self-employed?
There is a handy government webpage - https://www.gov.uk/guidance/check-employment-status-for-tax although sometimes this can be misleading depending on what information has been provided.
In short it comes down to how you engage whoever pays you. Contracts of employment are standard for employees but if you are self employed you should equally have contracts set up with your customers.

Why does this matter now?
IR35 has been around since the early 2000s, but only now has HMRC decide to shift the burden from the individual to big companies who make the determination on your behalf.

If you have received a "Status Determination" please let us know so we can verify that the correct status has been allocated and appeal if it has been incorrectly determined.

Client spotlight...

Today we introduce **Peter Reed**, of **Trig Creative**, a leading product design consultancy who design innovative products that merge function, form and creativity to deliver commercial success for their clients

What inspired you to set up Trig Creative?
Having spent almost a decade working as part of larger new product development team my skill set grew to include wider aspects including prototyping, tooling & manufacturing. When I met my business partner Alex we realised our combined expertise and experience would be an attractive service for other manufacturing businesses. We were ready for a new challenge and wanted more flexibility and project variety.

What challenges have you faced since the business inception?
Our business is closely linked with the performance of the manufacturing sector and for company's R&D budgets. In times of uncertainty some businesses wrongly freeze research and development activities when in fact they should do the opposite.

What is the most significant change you have had to deal with as a result of the lockdown?
Recreating the studio dynamic, creativity, communication and fluid interaction whilst all team members are working from home.

What does an Accountant mean to you and how do you see them supporting you & your business?
A good accountant takes the time to really understand your business and is proactive in suggesting new opportunities, highlighting possible changes and tailoring your accounting process. One size / process does not suit all.

What is the best piece of business advice you have received and by whom?
"Cash flow is King" - It's one thing successfully delivering the work and sending your invoices but you also need to keep an eye on payments due, especially in the fast pace design service industry.

Where do you see Trig Creative in the next 5 years?
I expect that Trig will remain primarily a leading product design service agency, although we have decided to commit to adding to our own product range and selling them through distribution partners to further diversify our business.

What advice would you pass on to others setting up in business?
Understand what differentiates you from your competitors and make sure everyone knows about it.

If you had to do it all again would you, and what would you do differently?
If we were to start again, we would employ a good accountancy group with a significant network support team. Working in your chosen industry is the easy part; however, the back office requires a new understanding.

To get in touch with Peter to find out more, email **design@trigcreative.com** or visit **www.trigcreative.com**

CCF Events and Training

We are continuing to run our events online so here are the latest webinars for you to join.

Understanding Benefits in Kind & Directors Loan Accounts
Thursday 10th June. 2pm via Zoom

Quickbooks Software demonstration
Friday 11th June. 10am via Zoom

Tax Planning for IFAs
Wednesday 23rd June. 10:30am via Zoom

Xero Software demonstration
Tuesday 13th July. 10am via Zoom

Buying Property Through a Company
Wednesday 14th July. 1pm via Zoom

Forget the Crystal Ball - How to Forecast Properly
Tuesday 3rd August. 10:00am via Zoom

Quickbooks Software demonstration
Tuesday 10th August. 10am via Zoom

New Business Basics
Wednesday 18th August. 2pm via Zoom

To book your place on any of the events above visit our Eventbrite page
https://www.eventbrite.co.uk/o/ccf-accountancy-limited-30439152920

If you have an idea for a seminar topic or any questions about our upcoming events please contact **events@ccfaccountancy.co.uk**